

## Appendix 4: Background to Significant Governance Issues

<b>Council Funding</b> <i>Recognised as a Continuing Governance Issue since 2015/16 but revised and restated in 2021/22, 2023/24 and 2024/25 to reflect the change in the nature and potential impact of the issue</i>	
<b>Description of issue at the time</b>	<p>The Council, like all Councils, is dealing with significant uncertainty around its funding levels for future years at the same time as dealing with growing demand for services due to demographic changes.</p> <p>Planning finances over the medium-term has been more difficult over recent years given the sector has received single-year financial settlements from Central Government as well as a significant number of one-off grants linked to specific Government priorities, rather than core funding certainty. This means that at times, short-term decisions are necessary to live within our means.</p> <p>The Council has set a legally balanced budget each February, although in February 2024 this included having to use one-off sources of funding to achieve this position including an in-principle capitalisation directive as part of exceptional financial support. General level of reserves has been decreasing due to over-spends within financial years, partly driven by the uncertainty of future funding aligned with growth in demand lead services.</p> <p>The other main source of funding for the Council is through Council Tax and Business Rates which following a period of significant volatility throughout Covid and the Covid recovery period, this has stabilised to a degree. There is still uncertainty over any structural changes to these income sources.</p> <p>Material funding issues remain within the High Needs funding block in the DSG, and Cheshire East Council took part in the Delivering Better Value Scheme, although it is clear this will not resolve the material deficits in this area.</p> <p>In May 2025, the Council was issued with a non-statutory Best Value Notice which requires the Council to provide the Government with further assurance of its ongoing improvement and work towards financial sustainability.</p>
<b>Responsibility</b>	Executive Director of Resources, Section 151 Officer

<p><b>Action proposed</b></p>	<p>Addressing national funding levels can only be achieved through discussion and lobbying through engaging with government officials and professional bodies such as County Council Network (CCN), CIPFA, LGA, Society of County Treasurers (SCT), and Rural Services Network (RSN).</p> <p>Responses have been provided to consultations and regular seminars and meetings have been attended to ensure that issues relevant to Cheshire East Council are being considered.</p> <p>Funding estimates are transparent and reported to the Finance Sub-Committee. Working Groups from the Sub-Committee have also reviewed estimates in detail. This includes estimates within all financial strategies that make up the over-arching Medium Term Financial Strategy.</p> <p>The Council is also continuing to progress its transformation plan, which was submitted to MHCLG by 27 August 2024 as part of the criteria for final approval of Exceptional Financial Support, and implementation of the actions from the Corporate Peer Challenge.</p> <p>Further action is also ongoing to mitigate cost pressures led by the Strategic Finance Management Board, which include:</p> <ul style="list-style-type: none"> <li>• The cessation of any non-essential spend</li> <li>• Management of vacancies, particularly agency usage</li> <li>• Identification of any other areas of discretionary spend including grants awarded, where spend can be reduced or stopped</li> <li>• Review Debt management / overall level of bad debt provision</li> </ul> <p>In February 2025, the Council again set a legally balanced budget which combined income, use of resources, robust savings plans and the proposals for the use of Exceptional Financial Support (EFS) and increase in Council Tax, to ensure that income will cover ongoing costs and future commitments in a sustainable and manageable way for 2025/26.</p> <p>As we progress through 2025/26, it is important that steps are taken to develop a sustainable MTFS post EFS to ensure the ongoing financial sustainability of the Council.</p>
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## Cheshire East Council Annual Governance Statement 2024/25

<p><b>Progress update for 2024/25 AGS</b></p>	<p>The outturn figures for 2024/25 showed an improvement on the Third Financial Review position of £8.5m, however the service overspend of £9.8m remains a significant financial challenge for the Council.</p> <p>The outturn position, net of proposed transfers to useable reserves of £7.8m, is an overspend of £17.6m. This includes the setting up of a reserve to set aside sufficient one-off resources to be able to respond to the steps that will be necessary to support the delivery of our transformation, change and improvement activity especially in light of the recent publication of the non-statutory Best Value notice.</p> <p>This will be able to pump prime activities to ensure that change is made at pace to support our longer-term financial sustainability. Any use of this reserve will need to be recommended by the Chief Executive and Executive Director of Resources and any virements will then need to follow the usual approval processes.</p> <p>The Council has also developed a thematic Financial Leadership Improvement Plan (FLIP) covering financial management &amp; sustainability, capital, debt, assets &amp; investments, governance, service delivery, and leadership &amp; culture. It contains the corporate responses to the CIPFA Assurance Review, relevant recommendations from the Corporate Peer Challenge and External Audit recommendations. This, overarching approach to improving "all things finance related" will be overseen by the Finance Sub Committee. Furthermore, assurance on progress with the FLIP can be sought by the Audit and Governance Committee at any point as the Committee charged with governance.</p>
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<p><b>Health and Social Care Integration</b>  <b><i>Recognised as a Continuing Governance Issue since 2015/16 but revised and restated in 2021/22 and again in 2025/26.</i></b></p>	
<p><b>Description of issue at the time of inclusion in AGS</b></p>	<p>The NHS will be undergoing significant restructuring during 2025/26 following the announcement of the abolition of NHS England. In addition, all Integrated Care Boards (ICB) are required to make a 50% reduction in their administrative costs, primarily staffing. Cheshire and Merseyside ICB is one of the most financially challenged ICBs in the country and is formally in financial turnaround and required to make cashable savings of approximately £170 million.</p> <p>Since their creation in July 2022, Integrated Care Systems (ICS) have been the primary vehicle for partnership working between the NHS and local authorities and the integration of health and care commissioning and service delivery for adults and children. ICBs are responsible for the</p>

## Cheshire East Council Annual Governance Statement 2024/25

	<p>management of health and care partnerships and are the statutory NHS representative on the Health and Wellbeing Board.</p> <p>ICB Place directors have been responsible for the facilitation of partnership and collaborative working at a borough level, which in Cheshire East has included a number of jointly funded positions and shared management arrangements.</p> <p>The immediate governance risk is the loss of the Place Director, who retired in June 2025. The council has yet to be engaged in arrangements to recruit a replacement.</p> <p>Over the medium-term the appropriate operation of partnerships will be impaired by uncertainty. Specifically in respect of decision-making arrangements, staffing capacity, management over-sight, and quality and safeguarding arrangements.</p> <p>In addition, funding constraints are likely to have a disproportionate impact on people supported jointly by the local authority and the NHS. Most of the ICB's budget is spent on NHS hospitals and NHS staffing. Therefore, the ICB's requirement for cashable savings is disproportionately focused on those areas of service not provided directly by the NHS. This includes Continuing Health Care, a service provided directly to residents with long-term health needs, and services provided jointly with the local authority such as Sec 117 aftercare, SEND, and those services provided through the Better Care Fund. The key risk is that the NHS will seek to reduce its expenditure in the expectation that the local authority will meet costs of services to vulnerable adults and children to prevent harm.</p>
<b>Responsibility</b>	Executive Director of Adults, Health and Integration
<b>Action proposed at the time of inclusion in the AGS</b>	<p>Joint working with the eight local authorities that are also part of the Cheshire and Merseyside ICB.</p> <p>Weekly oversight and review of all cases being considered by the ICB for funding arrangements.</p> <p>Recording and monitoring of all activity to identify issues and trends.</p> <p>Re-statement of all policy, protocols and procedure to ensure compliance with statutory responsibilities.</p> <p>Informing MHCLG and DHSC of impact and consequences, especially in relation to the Best Value Notice and ongoing financial stability.</p>

## Cheshire East Council Annual Governance Statement 2024/25

<b>Progress update for 2024/25 AGS</b>	All actions in previous statement of governance issues implemented and effective. No update in respect of actions in restatement of issue.
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<b>ASDV Governance</b>	
<b>Description of issue at the time of inclusion in AGS</b>	<p>The governance of wholly owned companies across the local government sector has come under the spotlight following failures which have resulted in the publication of Public Interest Reports.</p> <p>Those reports highlighted that failings in the governance of those companies resulted in “institutional blindness” and a failure to recognise, understand, and so address commercial pressures and conflicts of interest. These governance failings resulted in high profile financial losses and reputational damage to those Councils and in some cases external intervention.</p> <p>In the light of these high-profile company failures, CIPFA have recently published guidance aimed at mitigating the risk to local authorities of company ownership. Whilst framed as guidance, its status is such that it will affect reporting and external assessment of the Council. There is therefore merit in being pro-active and taking action in response to these highlighted risks.</p> <p>A comparison of the Council’s current governance arrangements against the CIPFA guidance has highlighted risks in the current company structures, and with the levels of transparency and assurance. Improvement in the reporting and assurance can be achieved which will mitigate these risks and bring Cheshire East’s arrangements in line with best practice.</p>
<b>Responsibility</b>	Governance, Compliance and Monitoring Officer
<b>Action proposed at the time of inclusion in the AGS</b>	<p>Work has been undertaken to identify proposed changes to the current ASDV governance and reporting arrangements to ensure that they broadly align with the good practice as described in the CIPFA guidance.</p> <p>This has also proposed that a full review of the overall company structures and governance arrangements is undertaken and that a reporting structure is implemented to strengthen insight into the operation of the Council’s ASDVs.</p> <p>The review is proposed to include a review of directors, the process for their appointment, and the training and support provided to them.</p>

## Cheshire East Council Annual Governance Statement 2024/25

	A working group has been established, and stage 1 of the review was completed in December 2022.
<b>Progress update for 2024/25 AGS</b>	<p>At the Finance Sub Committee in June 2024, the committee received the outcomes of the wholly owned companies' strategic options review and determined that the services provided by Ansa and Orbitas were to be brought back in house and delivered directly by the Council.</p> <p>Orbitas Bereavement Services staff and services transferred back to the Council on 1 February 2025.</p> <p>The majority of the services provided by ANSA transferred back under Council control as planned on the 1 April 2025 and are integrated back into the Council's wider governance process.</p> <p>Transport Services Solutions will transfer back to the council on the 1 August 2025. Following this, the companies will be formally closed down.</p> <p>As a result of these actions, the only remaining external operations will be:</p> <ul style="list-style-type: none"> <li>• Tatton Park Enterprises</li> <li>• Alliance Environmental Services – partnership with High Peak and Staffordshire Moorlands</li> <li>• Engine of the North – dormant company</li> <li>• Everybody Health &amp; Leisure – independent trust</li> </ul> <p>These companies are not considered to constitute a significant governance issue for the Council, and it is therefore recommended that this is removed from future Annual Governance Statements.</p>

<b>Planning</b>	
<b>Description of issue at the time of inclusion in AGS</b>	<p>In November 21, the Chief Executive and Environment and Communities Committee requested an objective review, prompted by the planning application backlog in Planning Services be undertaken.</p> <p>The backlog had accumulated over some time as a result of increasing workloads, vacant posts and impacts on delivering the service from the Covid 19 pandemic. The backlog was significant in number and was attracting complaints about the service from both within and beyond the Council, with potential for reputational damage to both the Local Planning Authority and the Council. An objective Deep Dive review was undertaken, led by the Executive Director of Place.</p>

## Cheshire East Council Annual Governance Statement 2024/25

	<p>The findings, recommendations and next steps for the service were received and noted by the Environment and Communities Committee on 31 October 22. It was also noted that a range of measures had already been implemented, particularly in relation to reducing the backlog of planning applications.</p>
<b>Responsibility</b>	Executive Director of Place
<b>Action proposed at the time of inclusion in the AGS</b>	<p>The review has produced a detailed Modernisation Plan for the service including a significant number of actions and improvements that have been identified through the review.</p> <p>Workstream leads have been identified, and many actions are underway, implemented or partially implemented from the review.</p> <p>Work to remove the applications backlog had advanced in recent months although workloads remain significant in the service.</p> <p>Performance scorecards have been developed to report to the new Modernisation Board - when established this introduces a new level of reporting and governance for the Modernisation Plan. Terms of Reference for the Board are now agreed.</p> <p>Performance reports from the service will continue to be reported to the Environment and Communities Committee with additional regular oversight by CLT also being introduced to monitor progress within the service.</p>
<b>Progress update for 2024/25 AGS</b>	<p>Significant progress on the key workstreams by the end of 2024/25 had been made through the Service Improvement Board, which had continued with monthly meetings to monitor progress and actions.</p> <p>A number of the high priority workstreams have now been completed and closed with others close to completion against their key objectives following implementation and/or completed actions. It is also evident that some of the remaining objectives are no longer appropriate and have been superseded by the passage of time, changes in legislation or revised corporate priorities/actions.</p> <p>Of the previous key workstreams:</p>

	<p><b>1. Customer Experience and Communications</b> Complete and closed. Improvement to customer experience to continue through business as usual and any specific communication to be flagged as and when needed.</p> <p><b>2. IT Systems and Processes</b> Complete and closed. New systems have now been implemented. Ongoing difficulties with system operations to be dealt with by Planning Service/IT in discussion with supplier. Separate updates and monitoring of system improvements to be progressed as business as usual within Service albeit any risks to be communicated with Senior Officers as needed.</p> <p><b>3. Performance and Governance</b> Performance scorecard for Service in place to monitor key performance indicators and 'health' of service. To be reviewed and aligned with new corporate templates / monitoring.</p> <p><b>4. Training and Development</b> Various identified training needs completed but will be part of an on-going programme for both Members and staff which will be progressed through business as usual.</p> <p><b>5. Service Restructure</b> Complete and closed. Successful recruitment in most areas of Service, but still some key posts remain vacant pending re-advertising. These will be addressed through normal HR processes.</p> <p><b>6. Culture and Leadership</b> Complete and closed.</p> <p><b>7. Section 106 Audit</b> Recommendations/actions from audit have now been completed. Future checks to ensure processes are embedded and updated as per procedures.</p>
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	<p><b>8. Tree Risk Management Strategy</b> Complete and closed. Tree Risk Management Board in place with regular meetings to monitor and manage.</p> <p><b>9. Building Control – HSE Inspection</b> Complete and closed. System / Service reporting in place for future audit.</p> <p>A final report will be presented back to informal Environment &amp; Communities Committee (Q2 25/26) to effectively close down the Service Improvement Board. Any existing and future matters to be picked up through business as usual and/or separate focus – such as Local Plan Board.</p>
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<b>Executive and Wider Leadership Team Capacity</b>	
<b>Description of issue at the time of inclusion in AGS</b>	<p>The Council's Corporate Leadership Team (CLT) comprises the Chief Executive as Head of Paid Service, with the most senior officers of the organisation; Executive Directors for each of the Council's 4 Directorates and the Council's Statutory Officers, S151 Officer and Monitoring Officer. CLT meetings are also regularly attended by the Cheshire East Place Director (Cheshire and Merseyside Integrated Care Board).</p> <p>During 2022/23, interim arrangements were introduced to manage the absence of the Executive Director, Place, ensuring that there is senior leadership capacity in the Directorate. In October 2023, the Executive Director, Place left the Council, and it was confirmed that the interim arrangements have continued. However, these interim arrangements are not subject to backfill which impacts upon the wider management capacity within the Place directorate.</p> <p>In May 2023, the Executive Director, Corporate Services left the organisation, and interim management arrangements are in place for this Directorate, which ensures direct reporting lines between the Head of Paid Service and the Section 151 and Monitoring Officer roles.</p> <p>In July 2023, the former Chief Executive was announced as the preferred candidate for the Chief Executive role at Bradford Council and was subsequently confirmed in that post. The former Chief Executive left Cheshire East Council on the 13 October 2023.</p>

## Cheshire East Council Annual Governance Statement 2024/25

	<p>On the 18 October 2023, Council appointed an Interim Chief Executive with immediate effect whilst the ongoing recruitment process for a permanent candidate took place.</p> <p>On 13 December 2023, Council appointed a permanent Chief Executive who took up post on 3 January 2024.</p> <p>In February 2024, it was announced that the Section 151 Officer will be leaving the Council in May 2024 and interim arrangements are being put in place pending a permanent appointment to the role.</p> <p>Ensuring that there are sufficient and stable senior management arrangements for an organisation the size and complexity of Cheshire East Council must always be balanced against ensuring the arrangements are proportionate and offer effective and efficient use of resources.</p>
<b>Responsibility</b>	Chief Executive
<b>Action proposed at the time of inclusion in the AGS</b>	To review the Corporate Leadership Team and wider senior management structure to ensure sufficient capacity to meet statutory responsibilities and deliver the transformation programme required to meet the objectives and address the financial position of the Council.
<b>Progress update for 2024/25 AGS</b>	<p>The Local Government Association (LGA) has undertaken a Decision-Making Accountability (DMA) review to examine current senior management roles to help ensure a stable senior management structure is in place. This provided recommendations for a revised organisational structure to ensure effective decision making, with clear accountabilities and roles, and efficient use of management resources.</p> <p>A series of development sessions for Corporate Leadership Team (CLT) and Wider Leadership Community (WLC) has been developed, with the first of these sessions held on 12th April 2024. Additional sessions have been delivered to CLT and WLC by Inner Circle and Solace, with a development programme scheduled to commence early in the new year.</p> <p>Recruitment to a number of key senior interim roles has taken place to provide cover for the Director of Finance and Customer Services &amp; S151 Officer, Director of Policy and Change, Director of Commissioning, Director of Environment and the Director of Transformation.</p> <p>In July 2024, the Executive Director for Children's Services and the Director of Family Help and Children's Social Care left the Council, In June 2024, an Interim Director of Family Help and Children's Social Care was appointed as well as an Interim Executive Director for Children's Services in October along with an Interim Director of Improvement for Children's Services. The Chief Executive</p>

	<p>briefed members of Audit &amp; Governance Committee in relation to this issue on 18 July prior to their meeting on 29 July 2024.</p> <p>In response to the recommendations arising from the DMA review, a permanent senior management structure was developed following consultation with trade unions, affected staff and with the subsequent approval by Full Council on 16 November. The new structure was implemented on 1 November 2024. The recruitment to the new senior management structure has increased leadership capacity across the organisation.</p> <p>A permanent Executive Director of Place joined the Council as well as an Interim Director of People in December 2024.</p> <p>Senior interim arrangements will remain in place until recruitment has taken place and postholders take up their new positions. An Interim Executive Director of Children's Services and an interim Improvement Director joined CEC in October 2024.</p> <p>Senior management roles were advertised in phases from December 2024 – March 2025. By the end of March 2025, we had successfully recruited to the following roles:</p> <ul style="list-style-type: none"> <li>• Executive Director of Resources (S151) – started June 2025</li> <li>• Executive Director of Children's Services – started May 2025</li> <li>• Assistant Chief Executive – started March 2025</li> <li>• Director of People and Customer Experience – started April 2025</li> <li>• Director of Commissioning and Integration (Adults) - starts July 2025</li> <li>• Director of Family Help and Children's Social Care – started May 2025</li> <li>• Director of Planning and Environment – started April 2025</li> <li>• Director of Finance (Deputy S151) – starts August 2025</li> <li>• Head of Organisational Development and Culture - started June 2025</li> <li>• Head of Strategy, Policy and Performance – starts July 2025</li> <li>• Head of Customer Experience – started May 2025</li> </ul>
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## Cheshire East Council Annual Governance Statement 2024/25

	<p>The Workforce Programme Board is considering options for the next phase of the organisation, and is currently undertaking preparatory work for DMA, and a timeline.</p> <p>The successful delivery of the Council's Transformation Plan is reliant upon having the right skills and capacity in place, and the completion of this considerable recruitment exercise in the early stages of 2025 will see a key milestone achieved.</p>
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### Whole Council Response to Ofsted Inspection

<p><b>Description of issue at the time of inclusion in AGS</b></p>	<p>Cheshire East Council received an Ofsted inspection of local authority children's services (ILACS) between 19 February and 8 March 2024. The inspection findings are set out in a report which was published on 16 May 2024.</p> <p>The inspection found that despite improvements identified in some areas of practice, services required improvement as the quality of services children experienced was too variable, and for care leavers services were inadequate.</p> <p>When an authority receives a judgement of inadequate in any area, they can only receive an overall 2 judgement of inadequate. As care leavers was judged inadequate, the overall rating is therefore inadequate.</p> <p>As a result of the inadequate rating, Cheshire East is required to submit an action plan (to be referred to as an improvement plan thereafter) to Ofsted 70 working days after publication of the report. Cheshire East will also be subject to monitoring from Ofsted, with monitoring visits focussing on where improvement is needed the most. The first monitoring visit will take place 6 months after the publication of the report.</p> <p>The DfE issued an Improvement Notice, which required an independently chaired Improvement Board. A DfE improvement advisor has been appointed to work with Cheshire East to support us to improve outcomes for children and young people and will chair the Improvement Board.</p>
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## Cheshire East Council Annual Governance Statement 2024/25

	<p>Cheshire East currently has an Improvement Board to drive the improvements identified within previous inspection reports and other identified areas for improvement and this is chaired by the DfE improvement advisor appointed to support the JTAI improvement, which was signed off by the DfE in December 2023.</p> <p>This will continue to meet to scrutinise and support the development of the new improvement plan and to oversee improvement activity. This meets monthly and membership includes senior officers, the lead member, and the Chief Executive.</p> <p>Draft terms of reference for a new Improvement Board were agreed by Children &amp; Families Committee on 3 June 2024 with the board established in July 2024.</p> <p>The leadership team has developed a draft of a new improvement plan, in response to the inspection findings, and this was discussed at the Improvement Board held on 30 May 2024. This was further discussed and developed with Ofsted and the DfE in an action planning meeting on 19 June as part of ILACS framework. The plan was submitted to Ofsted by 23 August 2024. Prior to this, the plan was subject to Children and Families Committee approval on 8 July and approval at full Council on 17 July 2024.</p>
<b>Responsibility</b>	<p>Executive Director of Children's Services</p> <p>Supported by: CLT</p>
<b>Action proposed at the time of inclusion in the AGS</b>	<ul style="list-style-type: none"> <li>• An Improvement Plan has now been devised and endorsed by Ofsted and the DfE</li> <li>• The Improvement Board is overseeing the progress and delivery of the improvement actions and is independently chaired by a DfE advisor.</li> <li>• Additional governance arrangements have been implemented to facilitate rigour around the process and sign off to agree when actions can be marked as completed after impact is evidenced.</li> <li>• Children and Families Committee has been reviewing the progress updates and offers scrutiny and challenge on the progress and impact of the improvement plan.</li> <li>• An additional RAG rating (Amber E) has been added to allow actions to be embedded into practice before turning any action green, this will ensure the improvement has achieved the intended impact before we show as completed.</li> </ul>

	<ul style="list-style-type: none"> <li>• As part of the enhanced oversight to deliver the improvement plan, additional work has been taking place to understand the interdependencies that require actions to be sequenced for partnership and corporate contributions, therefore some actions timescales have been reviewed accordingly.</li> <li>• A practitioner reference group is in place to ensure that practitioners' views inform our improvements. Practitioners are represented on all the improvement groups as part of the new governance arrangements.</li> <li>• Improvement Director in post since October 2024, providing additional capacity and driving improvements and is also overseeing the newly approved additional director post of QA, Safeguarding and Commissioning pending recruitment.</li> <li>• A family feedback strategy has been developed to ensure that children, young people and families' views inform how we shape and evaluate services.</li> <li>• An external review was commissioned to understand the effectiveness of our Front Door arrangements and those findings identified good decision making by Children's Services. However, it identified the need to develop the partnership working arrangements to better support multi agency decision making. As a result, an action plan has been devised and partnership commitment to improving has been agreed.</li> <li>• Any additional improvement actions identified as part of ongoing service wide improvements are now being added as an appendix to the improvement plan.</li> <li>• The service had its first monitoring visit by Ofsted on 27/28 February 2025. Ofsted will test and examine in more detail various parts of the system over the course of 4-6 monitoring visits to test if improvements are being achieved and we know our services well prior to a full re-inspection.</li> <li>• To stabilise the service and facilitate improvements required, the workforce group has been refreshed to have a strong focus on recruitment, retention and development and a revised strategy has been produced with some new innovative ways to reduce the need for agency staff.</li> <li>• Vacancies that were being held due to reported recruitment freeze have now been resolved and vacant posts are being recruited to, and uncovered vacancies has reduced.</li> <li>• Additional service capacity has been funded to support the delivery of the improvement plan</li> </ul>
<b>Progress update for 2024/25 AGS</b>	<ul style="list-style-type: none"> <li>• Progress of the Improvement Plan now shows 27% of actions completed (Green) and impact achieved. A further 48% also have completed actions and we are in a phase of testing impact (Amber E) before these move to Green and 18% on track (Amber). The one delayed action due</li> </ul>

	<p>to Ofsted's lack of capacity to register our children's home has now also been competed, therefore all other actions are progressing in timescales.</p> <ul style="list-style-type: none"> <li>• A first Ofsted monitoring visit took place in February 2025 and continued progress was acknowledged, stating that improvement has accelerated since the new team joined in the late autumn of 2024. The focus of this visit was the IFD and a dedicated transformation programme has been set up to deliver the improvements to progress as a MASH and in line with reforms under the Children's Well-being and Schools Bill</li> <li>• A DfE progress review in March as part of the Improvement Notice arrangements has also acknowledged the progress of improvement in Children's services. It did note the need for the corporate centre to improve the pace to support Children's Services and therefore corporate colleagues are fully embedded in our transformation work of Families First</li> <li>• A second Ofsted Monitoring visit has now also recently taken place in June and again continued progress recognised. Areas of improvements continue to be required to achieve consistency of good practice but that QA systems have improved ensuring we know the quality of practice and can take appropriate steps. The letter will be published formally on the 10th July.</li> <li>• Ofsted also gave recognition to the strong workforce strategy in place, a business case is pending to support the delivery of this and specifically target the recruitment challenges and reduce the vacancy rate</li> <li>• Children and Families Committee continues to offer scrutiny to the Children's Improvement Plan and are now also provided with the Vital Signs performance data to support this further. A paper has also been approved to facilitate Cllrs having more direct contact with front line practitioners through regular team visits</li> <li>• While in the last update it was confirmed a recruitment freeze was not in place the recruitment process has delayed and paused some posts while enquiries are made around the suitability of roles and budgets which is impacting</li> <li>• We have now secured funding and support from the DfE to appoint North Tyneside as our sector led improvement partner and work has already progressed with a test of assurance around the improvement actions undertaken in relation to Care Leavers and a Diagnostic piece of work regarding LADO. Findings have been presented to the Improvement Board and demonstrated the impact for Care Leavers has delivered significant improvement since the ILACS inspection in 2024 which provides assurance to the Improvement plan success. LADO has a number of areas requiring strengthening and so an action plan is in place and new recruitment underway</li> </ul>
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Governance and Internal Control	
<b>Description of issue at the time of inclusion in AGS</b>	<p>The outcome of the Corporate Peer Challenge, taken alongside other matters recognised in the AGS as significant governance issues all encapsulate the significant challenges for the organisation.</p> <p>This was also demonstrated by the Head of Audit, Risk &amp; Assurance's opinion as the Chief Audit Executive on the Council's framework for governance, risk management and internal control for 2023/24 being given as "limited". This is the first time since 2009 that there has been a limitation on this opinion.</p> <p>The opinion reflects a number of factors, including the outcome of the 2023/24 internal audit programme, where a significant number of the overall findings related to a failure to apply existing controls, or the absence of expected or actual controls. A significant "No Assurance" report was also provided during the year in relation to the arrangements of Section 106 funds, which has subsequently had delays in implementing actions within agreed timescales.</p> <p>Whilst the organisation is committed to transformational change and improvement in order to address the issues it faces, to deliver substantial and sustained change, there also needs to be a balance to ensure that changes to the control environment are proportionate and do not exceed appropriate measures, which would risk the organisation being exposed unacceptably in its decision making and statutory responsibilities.</p>
<b>Responsibility</b>	Chief Executive
<b>Action proposed at the time of inclusion in the AGS</b>	<p>The approach to the follow up on agreed internal audit recommendations has been reviewed, and a number of changes introduced. This will ensure that progress on implementation is being reviewed by senior management, the Corporate Leadership Team and the Audit and Governance Committee more regularly.</p> <p>As well as improving visibility and accountability, it provides the opportunity to identify emerging challenges to completing planned actions as soon as possible, and for engagement between internal</p>



	<p>audit and responsible managers to agree either alternative actions, or re-position timescales with the agreement of the relevant CLT member.</p> <p>Progress updates provided by Internal Audit on the delivery of the 2024/25 internal audit plan will include an indication of whether there is improvement against the previous year's opinion.</p> <p>The Council's response to the Corporate Peer Challenge, and the plans for change are set out in the Corporate Peer Challenge Action Plan. A progress revisit by the LGA planned for February 2025, will further inform the progress made to date and priorities for improvement. Corporate Policy Committee will receive an update on delivery of the action plan in March 2025.</p> <p>The Transformation Plan was approved by Corporate Policy Committee in August 2024. A progress update was provided to the Corporate Policy Committee in October 2024.</p> <p>The Council is supported on its improvement journey by an externally chaired, independent Assurance Panel, which was one of the recommendations of the Peer Challenge. The terms of reference and membership of the Panel were agreed at Council in July 2024, the panel has been established and is meeting regularly. The Assurance Panel reports progress to Council twice a year and the first progress letter is expected in May 2025.</p> <p>At its meeting in February 2025, the Corporate Policy Committee agreed the draft Cheshire East Plan 2025-2029 and recommended it to Council for approval; performance against the Plan and annual delivery plan will be reported to the Corporate Policy Committee on at least a quarterly basis. One of the aspirations of the plan is to support effective and responsive governance, compliance and evidence-based decision making across the council.</p> <p>At the same meeting, the Committee considered a report in response to the Notice of Motion submitted to the October Council meeting relating to the governance and decision making of the council. The recommendation of the report was to establish a politically proportionate Task and Finish Group to drive the review of the council's decision making and governance arrangements, as per the terms of reference, scope and design principles set out in the appendices to the report. Recognising that work is ongoing to improve existing arrangements, such as scrutiny work programming, training</p>
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## Cheshire East Council Annual Governance Statement 2024/25

	and officer reporting, progress reports from the task and finish group and further immediate improvements will be brought to future meetings of the Corporate Policy Committee.
<b>Progress update for 2024/25 AGS</b>	<p>Engagement with, and delivery of internal audit actions has improved considerably during 2024/25. There have been no “No Assurance” reports issued during the year. “Good” assurance report numbers, have increased, albeit issued on a number of micro level reports. The content of the 2025/26 internal audit plan will be reviewed to ensure that there is sufficient focus to give ongoing assurance on the delivery of transformation projects.</p> <p>As approved by the Corporate Policy Committee in June 2025, an overarching and cohesive Corporate Improvement Plan is being developed, to introduce a single point of oversight for all significant improvement plans and activity, providing assurance on progress and pace for delivery. The plan will be developed in collaboration with the Council’s Assurance Panel and MHLCG, Members, and staff engagement, and be presented for agreement at a meeting of Corporate Policy Committee in August 2026.</p> <p>In June 2025, the Corporate Policy Committee also recommended to full Council the approval and adoption of the new officer Schemes of Delegation to be incorporated into the Constitution, replacing the existing schemes of delegation. The proposed schemes have been considered and approved by the Council’s Constitution Working Group. The adoption of the Schemes addresses a number of the findings and recommendations arising from the LGA Corporate Peer Challenge report.</p>

<b>Partnership Working</b>	
<b>Description of issue at the time of inclusion in AGS</b>	<p>The Council has a number of important partnerships which, whilst long established, continue to develop. These partnerships exist at local and neighbourhood level, with town and parish councils, schools, housing providers and care communities and at regional and supra-regional level with the neighbouring boroughs, the Cheshire and Merseyside Integrated Care System, Enterprise Cheshire and Warrington, and Cheshire Police. These partnerships will become increasingly important as part of the Council’s transformation programme and improvement journey, for its long-term economic stability and to ensure success in addressing strategic ambitions. They will be a pre-requisite for ensuring the Council is able to fully engage with and benefit from the opportunities presented by devolution. Additional partnerships could emerge through new legislative requirements and national policy direction.</p>

## Cheshire East Council Annual Governance Statement 2024/25

	<p>As part of the transformation plan, the Council is developing its aspirations for the type of organisation it wants to be and the new operating framework it will adopt. This includes a focus on being more collaborative and working in partnership.</p> <p>In this context it is timely to ensure that the Council's governance arrangements for partnership working are robust, transparent and appropriately led with sufficient scrutiny and over-sight, as well as facilitating co-production and joined up delivery of outcomes for the benefit of Cheshire East residents.</p> <p>There is an opportunity to consider the approach to partnerships and engagement with key stakeholders as we develop a new Cheshire East Plan for 2025 and beyond.</p>
<b>Responsibility</b>	<p>Executive Director of Adults, Health &amp; Integration</p> <p>Assistant Chief Executive</p>
<b>Action proposed at the time of inclusion in the AGS</b>	<p>The key activities that that will be undertaken are:</p> <ul style="list-style-type: none"> <li>• Mapping of current formal partnership arrangements</li> <li>• Review of formal governance arrangements in place to support individual partnerships (E.g. Section 75 for the Better Care Fund has been reviewed and the latest agreement approved by the Adults and Health Committee on 23 September 2024)</li> <li>• Review of membership and leadership of formal partnership arrangements</li> <li>• Recommendation for revised partnership structures aligned to strategic aims and the revised organisational operating model</li> <li>• Partnership arrangements are reflected in the council's overarching communication and engagement strategy</li> <li>• Partnership working is reflected in the new Cheshire East Plan and delivery of outcomes for residents</li> </ul> <p>The primary actions will be undertaken as part of the implementation of the target operating model. In the interim, arrangements already in place are operating as normal.</p>

## Cheshire East Council Annual Governance Statement 2024/25

<b>Progress update for 2024/25 AGS</b>	<p>Mapping of partnerships has taken place. This exercise informed the Cheshire East Plan 2025-29 which has been published.</p> <p>We can confirm that existing partnership arrangements continue to function in line with current governance.</p> <p>Comments noted in AGS item Health and Social Care Integration will require reconsideration of governance arrangements in respect of health and care in 2026/27.</p>
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